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Of Attorneys for Robert Sanders

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re:

Irwin Robert Pearlstein and
Chris Ramsower-Pearlstein,

Debtors.

Case No. 17-32770-tmb7

**CREDITOR ROBERT SANDERS' RULE
2004 MOTION FOR EXAMINATION
AND PRODUCTION OF DOCUMENTS**

(KARYN GALATI)

Creditor, Robert Sanders, by and through the undersigned, moves this Court for an order directing Karyn Galati to produce documents and submit to an examination as set forth below:

LBR 2004-1(b)(2) Certification

Although neither LBR 2004-1(b)(2) nor LBR 9013-1 require conferral on an *ex parte* motion under Rule 2004, the undersigned has communicated with Laura Caldera Loera, counsel for Karyn Galati, in an effort to obtain consent without need for the filing of a motion with the court. Ms. Caldera Loera objects to the relief requested herein. Therefore, this motion is not being filed *ex parte*.

MOTION

Creditor moves this Court for an order requiring production of documents identified on **Exhibit A** to the proposed order submitted herewith as **Exhibit 7** to the Declaration of Natalie C. Scott ("Scott Dec") and for an examination of Ms. Galati on Thursday, July 13, 2023 commencing at 1:30 pm PDT with the conditions as set forth on the on the proposed order,



(**Exhibit 7** to Scott Declaration), including reporting and attendance of Creditor and Creditor's counsel by remote means, exclusion of other attendees, and preserving Creditor's right to seek and schedule additional time if document production is not complete and/or Creditors' questions are not fully answered during that time. The next status hearing in this case is set for July 11 at 11:00am by telephone.

BACKGROUND

Through counsel, Creditor initially sought Ms. Ramsower-Pearlstein's assistance to facilitate obtaining records from Karyn Galati, Debtors' long-time CPA. Scott Dec, ¶ 2 and **Exhibit 1**. After further email exchanges, Debtor's counsel ultimately indicated Ms. Galati was nonresponsive. Scott Dec, ¶ 3 and **Exhibit 2**. The undersigned sent a letter to Karyn Galati on May 24, 2023 with an attached "Exhibit A" enumerating documents requested. Scott Dec, ¶ 4 and **Exhibit 3**. The letter requested Ms. Galati's consent by June 2, 2023 to production of documents and scheduling of an examination by Zoom. *Id.*

On June 2, 2023, the undersigned received response from counsel for Ms. Galati. Scott Dec, ¶ 5 and **Exhibit 4**. Ultimately Ms. Galati's counsel agreed to provide documents by the end of June and offered an "informal examination" limited to a duration of 3 hours at counsel's offices in Portland, Oregon. Scott Dec, ¶ 6 and **Exhibit 4**. Counsel objected to several conditions (described below), which Creditor attempted to address in a follow-up email to which no response was received. Scott Dec, ¶ 7 and **Exhibit 5**.

DISCUSSION

In support of this motion, Creditor further represents as follows:

1. Debtors filed their voluntary petition for chapter 7 bankruptcy relief on or about July 26, 2017. The case was closed as a "no asset" case on October 30, 2017.

2. On Creditor's motion, the case was reopened by order dated May 31, 2019 (Doc. No. 21) and Amy Mitchell appointed trustee ("Trustee").
3. Trustee and her counsel, Leonard Law Group, conducted investigations and submitted a notice of intent to settle claims against the Debtors and others on March 21, 2022 (Doc. No. 51). Creditor objected and, after further proceedings, this Court permitted Creditor to seek third-party discovery (Doc. No. 81).
4. As shown by the filings and reported to the court at several status hearings in this case, Creditor sought and obtained additional documents from third parties and from Debtor Chris Ramsower-Pearlstein. Creditor conducted an examination via Zoom of David Pearlstein, who is Debtor Irwin Pearlstein's son, in April. Creditor has now also conducted an examination via Zoom of Barry Pearlstein.
5. In emails with Jeff Olson (counsel for Debtor Chris Ramsower-Pearlstein) and in the examination of David Pearlstein, Creditor inquired regarding various tax matters, including tax returns prepared by Karyn Galati for debtors and tax treatment regarding Pearlstein Associates. The responses included referring Creditor to Karyn Galati directly. *See, e.g.*, Scott Dec, ¶ 8 and **Exhibit 6**, p. 2-3.
6. At David Pearlstein's examination, Creditor first learned that Karyn Galati is also the Chief Financial Officer for the New Horizons in-home health care business with which Debtor Chris Ramsower-Pearlstein was employed (through a prior entity) starting a few months before the Debtors filed their 2017 bankruptcy. Scott Dec, ¶ 8 and **Exhibit 6**, p. 4-5.
7. In the examination of Barry Pearlstein, Creditor learned Karyn Galati is also the sister of Barry Pearlstein and David Pearlstein. Scott Dec, ¶ 8, **Exhibit 6**, p. 7.

8. Ms. Galati was Debtors' accountant, is Irwin Pearlstein's daughter, and is a high level executive with David Pearlstein's current in-home health care business.
9. Creditor seeks the requested documents and examination of Karyn Galati to investigate assets, income, and the financial representations of Debtors, which include inconsistencies between Debtors' representations, documentary evidence, and the way items were claimed or treated for tax purposes. Creditor also seeks information regarding Ms. Galati's observations of and interactions with Debtor Chris Ramsower-Pearlstein in her position with New Horizons.
10. Upon conferral with counsel for Ms. Galati, counsel indicated that Ms. Galati could be available for an examination in-person on July 13, 2023 at 1:30PDT but objects to exclusion of other persons and intends to request limitations from this Court as to date, time, location, and scope. *See* Scott Dec, **Exhibit 4**.

Bankruptcy Rule 2004 is broad in scope, permitting any party in interest to make a motion seeking examination of "any entity" with respect to "the acts, conduct, or property or to the liabilities and financial condition of the debtor, or to any matter which may affect the administration of the debtor's estate, or to the debtor's right to discharge." FRBP 2004(a)-(b). Moreover, the attendance of a person and production of documents or electronically stored information may be compelled by subpoena. FRBP 2004(c). To the extent, the FRCPs proscribe limitations that may guide examinations under Rule 2004, FRCP 30 provides that depositions are limited to 1 day of 7 hours unless stipulated or ordered otherwise.

Here, Ms. Galati's counsel has indicated Ms. Galati will produce documents but objects to an examination without certain limitations. Ms. Galati has provided no basis, factual or legal, for her contention that counsel for other interested parties in this bankruptcy case be included and permitted to examine Ms. Galati at Creditor's examination. As shown in the email exchange

(**Exhibit 4**), counsel “cc”d Joe Kellerman (counsel for David Pearlstein, Pearlstein Associates, and Homecare/Altru Home Care) and Jeff Olson (counsel for Debtors) and “invited” them to attend the examination of Ms. Galati, to which the undersigned objected.

Moreover, it appears counsel also objects to examination by Zoom and requires in-person attendance at counsel’s offices in Portland, Oregon. As the court is aware, Creditor is a California attorney residing out of state and the undersigned’s offices are located in Eugene, Oregon. It thus appears that Ms. Galati’s counsel wishes to impose undue burden and expense despite Creditor’s efforts to keep time and expense to a minimum in his ongoing effort to complete his investigation in this case.

Regarding scope of the examination, it should be as listed in Rule 2004, which includes all of the topics listed on Exhibit A to the proposed order submitted herewith as **Exhibit 7** to the Scott Declaration (and which the undersigned slightly modified to accommodate concerns of Ms. Galati’s counsel). As to duration, Creditor agreed to an initial scheduling of 3 hours, noting intent to use best efforts to complete the examination within that timeframe. However, Creditor does not agree that Ms. Galati may limit the examination to 3 hours should Creditor’s questions not be answered fully or documents not be produced ahead of time, which facts would ordinarily warrant keeping a deposition open or continuing it to a future date with additional time per FRCP 30. The proposed duration limitation becomes even more unreasonable in light of Ms. Galati’s counsel’s position that any and all attorneys conduct examinations of Ms. Galati during that 3-hour time period.

CONCLUSION

For the reasons set forth above and in the supporting declaration and exhibits, Creditor requests entry of the proposed order, a copy of which is attached hereto as **Exhibit 7**, directing

production of documents designated on “Exhibit A” by Karyn Galati to Creditor and setting an examination of Ms. Galati as follows:

- Examination to be conducted by Creditor’s counsel on Thursday, July 13, 2023 commencing at 1:30 PDT or such other date and time established by this Court;
- Creditor may arrange for court reporting by remote means and Creditor, Creditor’s counsel and the court reporter may attend by remote means;
- No persons other than Creditor and Karyn Galati and their respective counsel and the court reporter shall attend;
- Creditor’s counsel permitted to inquire regarding all topics set forth in Exhibit A to the proposed order; and
- Creditor, through counsel, may hold open the examination and seek and schedule additional time if document production is not complete and/or Creditor’s questions are not fully answered during the examination.

DATED this 28th day of June, 2023.

SCOTT LAW GROUP LLP

By: /s/ Natalie C. Scott
Natalie C. Scott, OSB # 024510
Of Attorneys for Creditor

Natalie C. Scott, OSB #024510
nscott@scott-law-group.com
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PO Box 70422
Springfield, OR 97475
Telephone: 541-868-8005
Facsimile: 541-868-8004
Of Attorneys for Robert Sanders

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re:

Irwin Robert Pearlstein and
Chris Ramsower-Pearlstein,

Debtors.

Case No. 17-32770-tmb7

**DECLARATION OF NATALIE C.
SCOTT**

I, Natalie C. Scott, under penalty of perjury, make this Declaration in support of Creditor Robert Sanders' Rule 2004 Motion for Examination and Production of Documents by Karyn Galati as follows:

1. I am an attorney duly admitted to practice in the state of Oregon, the federal district court of Oregon and the Ninth Circuit Court of Appeals. I am a partner in the law firm Scott Law Group LLP, which represents creditor Robert Sanders in this case.

2. Attached hereto as **Exhibit 1** is an excerpted email dated March 3, 2023, from me to Jeffrey Olson, counsel for Debtors, requesting Debtor's assistance in obtaining records from Karyn Galati, Debtors' long-time CPA.

3. Despite further efforts, Debtor's counsel was unable to facilitate contact with Ms. Galati. Attached hereto as **Exhibit 2** is a copy of an email from Mr. Olson dated May 12, 2023 indicating Ms. Galati had become nonresponsive.

4. Attached hereto as **Exhibit 3** is a copy of a letter I prepared and sent to Ms. Galati, including an attached **EXHIBIT A** listing documents requested.



5. On or about June 2, 2023, I received a voicemail and email from Laura Caldera Loera indicating she had been retained to represent Ms. Galati and needed additional time to follow-up and confer.

6. Attached hereto as **Exhibit 4** is a copy of an email exchange with Ms. Caldera Loera regarding conferral on the examination particulars and her objections thereto.

7. Attached hereto as **Exhibit 5** is a copy of my email to Ms. Caldera Loera seeking clarification and/or resolution of her objections. As of the time of the filing of this motion, I have not received any response.

8. Attached hereto as **Exhibit 6** are brief excerpts from the examinations of David Pearlstein and Barry Pearlstein with highlights I inserted to assist the court in locating the relevant material.

I HEREBY DECLARE THAT THE ABOVE STATEMENTS ARE TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT I UNDERSTAND THAT THEY ARE MADE FOR USE AS EVIDENCE IN COURT AND ARE SUBJECT TO PENALTY FOR PERJURY UNDER THE LAWS OF THE UNITED STATES OF AMERICA.

DATED this 28th day of June, 2023.

/s/ Natalie C. Scott
Natalie C. Scott

Natalie Scott

From: Natalie Scott
Sent: Friday, March 3, 2023 3:34 PM
To: Jeffrey Olson
Subject: In re Pearlstein - follow-up requests

Importance: High

Jeff,

I've been trying to get information from Mr. Woolman and Mr. Kellerman regarding additional documents for Pearlstein Associates and Lucky Bail Bonds but, to date, have not received response. I apologize for the delay in following up with you. I appreciate your cooperation to date and your indication at the February 7th hearing that you and your client continue to stand ready to cooperate.

I'd like to get supporting tax records from the CPA Karyn Galati. If your client requests the information and consents, that would be most expedient. I have the 2013-2020 returns but little to no supporting documentation other than a few W2s and K1s and supporting receipts for a few years. I'm most interested in emails, notes, and analysis of Ms. Galati or her staff that would show her calculations & why certain items were claimed the way they were on the returns re: Pearlstein Associates, Lucky Bail Bonds, and some other items.

[REDACTED]

[REDACTED]

To summarize, please let me know your position and/or expected response timing or a time to confer as to the following:

1. Emails/analysis from Karyn Galati CPA supporting the manner in which items were claimed on the 2013 to 2020 federal returns - will your client request Ms. Galati provide that to my offices so as to avoid my having to file another Rule 2004 motion?

[REDACTED]

[REDACTED]

Once I complete document gathering, I'd like to interview Ms. Ramsower-Pearlstein via Zoom with counsel present as well as my client Mr. Sanders. I'm hoping to be ready to conduct a series of informal interviews, beginning with your client, in early April so that we remain on track to confer with the trustee and take appropriate action in advance of the May 9th status hearing.

I'm headed out for the day but am fairly open Monday if you want to give me a call or let me know a good time to call you. Thanks, Jeff.

Regards,
Natalie

Natalie C. Scott | Attorney
PO Box 70422
Springfield, OR 97475
Phone: (541) 868-8005
Fax: (541) 868-8004



[E-mail](#) | [Website](#)

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Natalie Scott

From: Jeffrey Olson <Jeff@Olsonlaw.legal>
Sent: Friday, May 12, 2023 8:45 AM
To: Natalie Scott
Cc: Aaron
Subject: Karyn Galati

Follow Up Flag: Follow up
Flag Status: Flagged

Snoozelt Count: 3
Snoozelt Due: 5/18/2023 8:30:00 AM

Natalie,

According to my client, Karyn Galati is non-responsive to her requests for how to be contacted.

—Jeff

Jeffrey L. Olson
Attorney at Law

OLSON LAW, LLC

5 Centerpointe Drive, Suite 400
Lake Oswego, OR 97035

2701 Schirm Loop Road NW
Olympia, WA 98502

503-635-9696
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May 24, 2023

VIA E-MAIL to: kgalaticpa@comcast.net
And VIA FIRST CLASS MAIL

Karyn Galati
New Horizons // Altru-Home Care
3125 Chad Drive, Suite # 290
Eugene, OR 97408

Re: In re Irwin Robert Pearlstein and Chris Ramsower-Pearlstein
US Bankruptcy Court Case No. 17-32770-thp7

Dear Ms. Galati,

As you may be aware, I am the attorney for Robert Sanders who is a creditor in the re-opened bankruptcy case of Irwin Pearlstein and Chris Ramsower-Pearlstein ("Debtors"). I have been investigating information provided by Debtors in connection with their case. I see that you were their CPA for many years. I understand you now work as an officer with the company (New Horizons) owned by Mr. Pearlstein's son that employs Ms. Ramsower-Pearlstein. I am writing to request your consent to providing records and submitting to an examination, under oath, via Zoom. I request your written consent no later than end of business Friday, June 2, 2023. Otherwise, I will file an appropriate motion with the bankruptcy court on or after Monday, June 5 pursuant to Bankruptcy Rule 2004 seeking an order to compel you to provide records and submit to an examination.

I have received many tax documents for debtors, including their tax returns for years 2013 through 2020, together with copies of some supporting documents (W-2s, donation receipts, etc.). Both counsel for Ms. Ramsower-Pearlstein and David Pearlstein have directed me to you to explain the basis for listing items on debtors' tax returns in the manner that you listed them. I'd like copies of your work papers, including emails, notes, written memoranda, or the like of you or your staff to/from or about Mr. Pearlstein and Ms. Ramsower-Pearlstein to

substantiate and explain items and also to see if you have copies of older returns that Ms. Ramsower-Pearlstein has not been able to obtain.

Enclosed as "Exhibit A" is a list of documents requested. Although drafted in the form of a subpoena attachment, I have not issued a subpoena at this time. I am hopeful that we can address this cooperatively. The "Exhibit A" notes that I request the documents on or before June 19, 2023 but I am agreeable to discussing an extension of time.

Below are dates when I could conduct an oral examination via Zoom. I request you consent to examination for at least 4 hours although I hope I can finish sooner.

- Monday, June 19 – starting time could be 10:30am or 12:30pm
- Tuesday, June 20 – same
- Thursday, June 22 – same
- Friday, June 23 – same
- Monday, Tuesday, or Wednesday of the following week (6/26, 6/27, or 6/28) with the same possible start times

If I do not receive a response to this letter (which is also being sent via email), I will file a motion as noted above. If I have to file a motion, I'm required to specify a date for your examination so I will request *Monday, June 26 at 10:30am*.

This is a serious matter that requires your prompt attention. I encourage you to consult with an attorney regarding your rights and obligations. If you do retain an attorney to assist you, please have your attorney get in touch with me immediately. Otherwise, you may contact me directly to discuss this matter.

Sincerely,



Natalie Scott

NCS:ncs

Enclosure ("Exhibit A" documents request list)

EXHIBIT A – Karyn Galati

Karyn Galati or her counsel shall produce the following documents (or copies thereof) to Creditor on or before **June 19, 2023 (or on another date if agreed to by Creditor in writing)** (the “due date”) by delivering said documents by mail received on or before the due date or by secure electronic means to **Natalie Scott, PO Box 70422, Springfield, OR 97475, nscott@scott-law-group.com**.

For purposes of this request, “Debtors” means Irwin Pearlstein and Chris Ramsower-Pearlstein.

1. Debtors’ state and federal tax returns for tax years 2008 through 2012, together with supporting documents and work papers showing bases for claims of gain, loss, income, expenses, deductions, and any related item on the returns, including but not limited to \$111,613 in net long-term gain reported on Line 9a of the 2012 K-1 from Pearlstein Associates to Chris Ramsower-Pearlstein and \$110,552 in distributions reported on Line 19a.
2. Any and all documents regarding any and all business income and/or business loss of any kind of Irwin Pearlstein and/or Chris Ramsower-Pearlstein for tax years 2012 through 2018, including but not limited to documents showing, explaining, demonstrating, and/or substantiating the following:

Debtors’ 2013 Federal tax return

- (a) -\$131,017 loss claimed on Line 17 and listed on Schedule E and the supporting Statements;
- (b) -985 Carryforward loss and -436 “prior years unallowed losses” and other notations listed on Form 8582;
- (c) Cancellation of Debt and NOL listed on Statement 2 for Form 1040, Line 21
- (d) NOL Carryovers from 2011 and Later Years of \$23,839 in both sections labeled Statement 3 regarding Form 1040, Line 21
- (e) Statement on 2013 tax return under “General Elections” regarding election to relinquish entire carryback period as to NOL incurred for 2013

Debtors’ 2013 California tax return

- (f) Representations on Form 3805V regarding Net Operating Loss Computation

Debtors’ 2014 Federal Tax return (Form 1040)

- (g) \$37,211 net long term gain per Line 12 of Schedule D
- (h) Form 3800 regarding General Business Credit
- (i) Form 8582 regarding activities with loss and prior years unallowed losses
- (j) Statements in Sections labeled Statement 3 regarding Form 1040, Line 21 regarding loss and NOL carryovers and Statement 4 “NOL” of -132,405

Debtors’ 2014 California tax return

- (k) Form 3805 regarding NOL computation

Debtors' 2015 Amended Federal Tax return (Form 1040X)

- (l) Statement that amendment is to add income from Toyota Financial Services 1099 which is being excluded under "the insolvency exclusion" and Form 982
- (m) Capital gain of \$18,600 in Line 13
- (n) Form 3800 General Business Credit
- (o) Two sections labeled Statement 3 regarding NOLs

Debtors' 2015 California tax return

- (p) Form 3805 regarding NOL computation

Debtors' 2016 Federal Tax Return

- (q) Line 13 capital gain of \$14,491
- (r) Line 16a of \$5,438 in pensions and annuities and Statement 2
- (s) Line 17 and Schedule E regarding -\$2,433 amount
- (t) Form 8949 regarding -\$4,109 loss regarding Pearlstein Associates LLC

Debtors' 2017 Federal Tax Return

- (u) Line 16a for \$19,802 and 16b for \$7,716 and Statement 3 regarding those same amounts
- (v) Statement 1 "Explanation of Efforts"

Debtors' 2018 Federal Tax Return

- (w) Line 4a of \$7823 and Statement 2 regarding pension and annuities

- 3. Any and all documents regarding gifts made to Irwin Pearlstein and/or Chris Ramsower-Pearlstein from January 1, 2015 through December 31, 2018 and the tax treatment thereof.
- 4. Any and all documents regarding gifts made by Irwin Pearlstein and/or Chris Ramsower-Pearlstein to any person from January 1, 2015 through December 31, 2018 and the tax treatment thereof.
- 5. Any and all communications, including letters, email, and text messages, to or from Irwin Pearlstein and/or Chris Ramsower-Pearlstein regarding tax opinions and/or advice of any kind to Debtors for tax years 2012 through 2018 if not already produced in response to a prior request.
- 6. Any and all communications, including letters, email, and text messages, to or from any person or persons regarding assets, liabilities, loans, payments, debts, tax treatment, financial planning or business planning of any kind of Irwin Pearlstein and/or Chris Ramsower-Pearlstein from January 1, 2015 to December 31, 2018.

7. Any and all documents regarding employment and/or work of any kind of Chris Ramsower-Pearlstein for any of the following, including employment applications, employment agreements, consulting contracts, loan agreements, timesheets, records of hours worked and/or earnings paid, reviews by any manager or supervisor, and all correspondence (including emails or text messages) related to hours worked, amounts paid, employment terms, and job performance:
- (a) All Care In-Home Care Solutions;
 - (b) Altru Home Care LLC;
 - (c) Homecare Delivery Services LLC;
 - (d) New Horizons as a dba of any of the above;
 - (e) JAKD LLC; and
 - (f) JAKD II, LLC.



Natalie Scott

From: Caldera Loera, Laura <laura.caldera@bullivant.com>
Sent: Friday, June 16, 2023 10:16 AM
To: Natalie Scott
Cc: Barbour, Rachel; Jeffrey Olson; Joe Kellerman
Subject: RE: Karyn Galati | In re Irwin Robert Pearlstein and Chris Ramsower-Pearlstein -- Bankruptcy Court Case No. 17-32770-thp7

Follow Up Flag: Follow up
Flag Status: Flagged

Snoozelt Count: 1
Snoozelt Due: 6/19/2023 3:08:00 PM

Natalie:

My client will agree to your informal request to provide documents in her possession relating to the topics in Exhibit A. My client objects to the requests to the extent they seek attorney-client information or documents that are not within her possession, custody, or control. I expect to be in a position to provide you with copies of the requested documents by the end of this month.

My client will also agree to an informal examination limited to the issues raised in Exhibit A and limited to a duration of 3 hours. The first date we can be available is July 10. Assuming that works for any counsel who plans to attend. Ms. Galata and I will both be in my office. You are welcome to join us in person for the examination.

With kind regards,

Laura



LAURA CALDERA LOERA (she/her)
President-Elect, Board of Directors, Shareholder,
Mediator

Bullivant Houser, Attorneys
One SW Columbia Street, Suite 800, Portland, OR 97204
direct 503.499.4602 main 503.228.6351
Washington • Oregon • California
[Bullivant.com](https://www.bullivant.com) • [Bio](#)



Natalie Scott

From: Natalie Scott
Sent: Tuesday, June 20, 2023 1:42 PM
To: Caldera Loera, Laura
Cc: Barbour, Rachel
Subject: RE: Karyn Galati | In re Irwin Robert Pearlstein and Chris Ramsower-Pearlstein -- Bankruptcy Court Case No. 17-32770-thp7

Thanks for your response, Laura. We consent to a deadline of June 30 for document production.

I need to follow-up & get back to you on the proposed July 10 examination date. Since you are in Portland, we'll do this via Zoom which I'll arrange with CC Reporting down here once we get the date and time set. We'll agree to the limitations below ***without prejudice or waiver of any rights of Mr. Sanders under the Bankruptcy Code to pursue further documents or examination if necessary.*** Hopefully we can work efficiently and nothing further will be needed.

Regards,
Natalie

Natalie Scott

From: Natalie Scott
Sent: Wednesday, June 21, 2023 4:57 PM
To: 'Caldera Loera, Laura'
Cc: 'Barbour, Rachel'
Subject: RE: Karyn Galati | In re Irwin Robert Pearlstein and Chris Ramsower-Pearlstein -- Bankruptcy Court Case No. 17-32770-thp7

Regarding your client's offer to submit to a 3-hour examination by me regarding the topics on Exhibit A of my subpoena request, which we agree to without prejudice to and without waiver of my client's right to seek further examination or documents if necessary and upon motion to the court if the parties cannot agree, your proposed date of July 10th will not work unfortunately. I can offer the following dates/times for an examination via Zoom. No other parties or counsel are entitled or required to attend. If Mr. Kellerman or Mr. Olson want to conduct an examination of Ms. Galati, they need to do so pursuant to the Bankruptcy Code. I do not consent to attendance of anyone other than yourself and Ms. Galati (and the court reporter or any necessary staff of yours) for this examination.

Assuming the above is clear & agreeable to you and your client, here are proposed days/times for your consideration:

- Wednesday, July 12 at 1:30pm PDT
- Thursday, July 13 at 1:30pm PDT
- Friday, July 14 at 10:30am PDT

- Monday, July 17 at 1:30 pm
- Thursday, July 20 at 1:30am

Please let me know if any of these will work and, if none, please provide alternatives.

Regards,
Natalie

Natalie C. Scott | Attorney
PO Box 70422
Springfield, OR 97475
Phone: (541) 868-8005
Fax: (541) 868-8004



[E-mail](#) | [Website](#)

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Natalie Scott

From: Caldera Loera, Laura <laura.loera@bullivant.com>
Sent: Friday, June 23, 2023 5:24 AM
To: Natalie Scott
Cc: Barbour, Rachel; Jeffrey Olson; Joe Kellerman
Subject: RE: Karyn Galati | In re Irwin Robert Pearlstein and Chris Ramsower-Pearlstein -- Bankruptcy Court Case No. 17-32770-thp7

Natalie:

Thank you for your note. My client will not sit for multiple examinations. Accordingly, your demand that she agree that no other party in the case may be present during your examination of her (something I have never heard of in my 24 years of practice), that she be subjected to additional examinations by other parties who were excluded from any examination of her, or that she agree that your client can take her examination again are hereby rejected.

In your motion, you may represent to the Court that my client and I are available for an in-person examination of her in my office in Portland on July 13 at 1:30 PST. Please kindly provide me with a copy of any motion you file seeking my client's testimony as I intend to request limitations from the Court as to the date, time, location, and scope, and intend to address with the Court the right of other parties to attend to avoid serial examinations of my client.

With kind regards,

Laura



LAURA CALDERA LOERA (she/her)
President-Elect, Board of Directors, Shareholder,
Mediator

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Natalie Scott

From: Natalie Scott
Sent: Friday, June 23, 2023 1:44 PM
To: Caldera Loera, Laura
Cc: Barbour, Rachel; Jeffrey Olson; Joe Kellerman
Subject: RE: Karyn Galati | In re Irwin Robert Pearlstein and Chris Ramsower-Pearlstein -- Bankruptcy Court Case No. 17-32770-thp7

I don't think you are appreciating the scope of Bankruptcy Rule 2004 Laura. On motion of a creditor, the court may order examination of any entity regarding the "the acts, conduct, or property or to the liabilities and financial condition of the debtor, or to any matter which may affect the administration of the debtor's estate, or to the debtor's right to a discharge." My agreement to the topics in Exhibit A is because it sets forth more specific areas of inquiry we have as to your client.

This is not an adversary proceeding where there are "opposing" counsel. I don't think Mr. Olson or Mr. Kellerman are interested in deposing your client. If that is the basis for your objection, then I am confused. If either of them have indicated that they DO want to depose Ms. Galati, then they would need to be entitled to do so under the Bankruptcy Code (unless it were consensual, which then means there no "subjecting" your client to serial examinations). Please clarify.

I also don't know what you mean by "she agree that your client can take her examination" – I am conducting the examination. My client is merely attending via Zoom as he has in the depositions of both David and Barry Pearlstein.

Your second paragraph raises other issues – namely that, if I file a motion, you are also going to object to the location and scope. Please clarify. Depositions under FRCP 30 may last for up to 7 hours unless stipulated or court ordered for a different duration. Thus, I wanted to be clear that I would hold the examination open if we don't cover all material during the 3 hours you offered. I don't know what you mean by noting you'd object to "location" either – are you objecting to Zoom?

Please clarify your bases for objections so that I may properly recite your position in my motion. If you wish to reconsider in light of the above and to withdraw your objection to my conditions, then I will contact my court reporter (CC Reporting) to get this set up for Zoom with our court reporting service for July 13 at 1:30pm.

Regards,
Natalie

David Pearlstein

In re: Pearlstein

April 25, 2023



CC REPORTING AND VIDEOCONFERENCING
101 East Broadway, Suite 300
Eugene, OR 97401
541-485-0111
www.ccreporting.com

1 partners that -- they were given so much equity,
2 and then the equity would vest over a period of
3 time. So the longer you were in the deal, then
4 the more equity you earned.

5 Q. Okay. And then Section 9-A shows net
6 long-term capital gain, and Section 19 shows
7 distribution, which looks like the number we were
8 discussing earlier from the sale.

9 A. Yeah, that would make sense, right.

10 MR. KELLERMAN: That number matches
11 the Excel spreadsheet exactly.

12 MS. SCOTT: Okay.

13 MR. KELLERMAN: I think it drops some
14 pennies, but the dollars are exact.

15 BY MS. SCOTT:

16 Q. And then if you can look at page --
17 we're in the same K-1, but it's going to go
18 page 2, so the next page. There is a footnote
19 that says, "Losses from Schedule K may have been
20 allocated in excess of the
21 partner's basis."

22 Do you know what Chris's basis was at
23 the time she became an owner in Pearlstein
24 Associates?

25 A. Well, I don't know. You know, you're

1 asking me, like, these tax questions. I think you
2 ought to talk to her CPA. I mean, if you're
3 asking me, I would tell you that her basis would
4 have been the amount that she invested in the
5 business, but I don't know how the basis is
6 treated and allocations are made. That's kind of
7 outside of my wheelhouse, and I wouldn't feel
8 comfortable commenting on her tax returns. But if
9 you spoke to her CPA, maybe you would get better
10 help.

11 Q. Who would have had the authority to
12 approve this K-1, would that be you or
13 Eric Fauerbach?

14 A. I don't know that we ever talked about
15 the actual authority to approve a K-1. They were
16 prepared by the CPA, and so, yeah, I mean, I guess
17 I don't know.

18 Q. Do you recall --

19 A. I can't answer that question. You
20 know, it was -- we never had that line of
21 demarcation as to who's responsible and has
22 authority for approving it.

23 Q. Do you recall if you ever looked at
24 the K-1s before they went out?

25 A. I never looked at the other people's

1 need five minutes to confer with my client.

2 (Recess: 3:21 p.m. to 3:30 p.m.)

3 BY MS. SCOTT:

4 Q. All right. A couple of
5 clarifications. It shouldn't take more than ten
6 minutes.

7 So it's my understanding that the
8 business New Horizons is the business that Chris
9 works for now. Is that correct?

10 A. That's correct.

11 Q. Can you explain the management
12 hierarchy of the New Horizons? Are you at the
13 top?

14 A. I am, yes. So there's myself, and
15 then the people that report to me include
16 Karen Galati, my CFO; Jennifer Saunders, my
17 company president; and Ali Dean, my chief care
18 officer.

19 MR. KELLERMAN: Let me interject,
20 because the court reporter is going to want you to
21 spell the last names for Galati and the second one
22 there.

23 THE WITNESS: Galati is G-a-l-a-t-i,
24 and Ali Dean, D-e-a-n.

25 MR. KELLERMAN: I think there was one

1 BY MS. SCOTT:

2 Q. How many salaried employees do you
3 have?

4 A. You'd have to -- I have no idea.

5 Q. Who would know the answer to that?

6 A. My CFO.

7 Q. Is that Karen Galati?

8 A. Yes.

9 Q. Okay, thank you.

10 So going back to Pearlstein Associates
11 for just a second, I'm trying to clarify for
12 myself, and I apologize, this may be on me, if an
13 investor brings money to Pearlstein Associates in
14 whatever form, bringing an investment, back when
15 you were looking in 2007, 2008, would it be a loan
16 or are they buying equity or is it both?

17 A. It's a loan. And in return you're
18 issued a promissory note with a return on the cash
19 that you committed, along with equity. I thought
20 we talked about this. This is like a --

21 Q. I'm having trouble understanding.

22 So the 100,000, was it a purchase?

23 A. As I stated earlier, it's a loan.

24 It's like a private -- I don't know how -- I mean,
25 I told you this on multiple -- I don't know how

Barry Pearlstein

In re: Pearlstein

June 14, 2023



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www.ccreporting.com

1 I guess I'll just make it easier. Why
2 were you buying signage for the Lucky Bail Bonds
3 business in Indio?

4 A. Because I took it over and it needed
5 signage.

6 Q. So at that time you intended to keep
7 running that office location?

8 A. Yes.

9 Q. Okay. Did your dad have anything to
10 do with that, like the purchase of the sign?

11 A. No.

12 Q. Okay. And who is Karyn Galati?

13 A. My sister. She's also my CPA.

14 Q. Do you know if she handled taxes for
15 your Lucky Bail Bonds business for the whole time
16 that you ran it?

17 A. No, she did not.

18 Q. Do you know if she assisted your
19 father and Ms. Ramsower-Pearlstein with their
20 taxes?

21 A. I do not.

22 Q. So let me understand. She's your
23 sister through, I'm going to assume, maybe a
24 different marriage. So could you explain that? I
25 know there's Irwin Pearlstein, who's the debtor in

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re:

Irwin Robert Pearlstein and
Chris Ramsower-Pearlstein,

Debtors.

Case No. 17-32770-thp7

**ORDER COMPELLING PRODUCTION
OF DOCUMENTS BY & ORDERING
EXAMINATION UNDER RULE 2004 OF
KARYN GALATI**

This matter came before the court on Creditor Robert Sanders' Rule 2004 Motion for Examination and Production of Documents – Karyn Galati (**Doc. No. ____**). The Court having reviewed the motion and files herein, and being otherwise fully advised,

IT IS ORDERED that Creditor's Motion is granted and Karyn Galati shall immediately produce documents described on **Exhibit A** hereto upon entry of this order if not already produced pursuant to agreement of the parties;

IT IS FURTHER ORDERED that Creditor's counsel may conduct an examination of Karyn Galati on **July 13, 2023 beginning at 1:30pm**, which Creditor may arrange to be reported



by remote means, such as Zoom, and at which Creditor, Creditor's counsel, and the court reporter may attend by remote means.

IT IS FURTHER ORDERED that no other person may attend or observe the examination other than Karyn Galati, her attorney, Creditor, Creditor's attorney, and the court reporter.

IT IS FURTHER ORDERED that Creditor's counsel is permitted to inquire regarding all topics set forth in Exhibit A and that Creditor may hold open the examination and seek and schedule additional time if document production is not complete and/or Creditor's questions are not fully answered during the July 13th examination.

#

Pursuant to LBR 9021-1, a copy of this order was attached to the motion.

Presented by:

THE SCOTT LAW GROUP

By: /s/ Natalie C. Scott
Natalie C. Scott, OSB #024502
nscott@scott-law-group.com
PO Box 70422
Springfield, OR 97475
Telephone: (541) 868-8005
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Of Attorneys for Creditor

MANUAL SERVICE:

PRA Receivables Management, LLC
PO Box 41021
Norfolk, VA 23541

ELECTRONIC SERVICE:

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NATALIE C SCOTT	ecf@scott-law-group.com
US Trustee, Portland	USTPRegion18.PL.ECF@usdoj.gov



EXHIBIT A – Karyn Galati

Karyn Galati or her counsel shall produce the following documents (or copies thereof) to Creditor on or before **June 30, 2023 (per email agreement of counsel)** (the “due date”) by delivering said documents by mail received on or before the due date or by secure electronic means to **Natalie Scott, PO Box 70422, Springfield, OR 97475, nscott@scott-law-group.com**.

For purposes of this request, “Debtors” means Irwin Pearlstein and Chris Ramsower-Pearlstein.

1. Debtors’ state and federal tax returns for tax years 2008 through 2012, together with supporting documents and work papers showing bases for claims of gain, loss, income, expenses, deductions, and any related item on the returns, including but not limited to \$111,613 in net long-term gain reported on Line 9a of the 2012 K-1 from Pearlstein Associates to Chris Ramsower-Pearlstein and \$110,552 in distributions reported on Line 19a.
2. Any and all documents regarding any and all business income and/or business loss of any kind of Irwin Pearlstein and/or Chris Ramsower-Pearlstein for tax years 2012 through 2018, including but not limited to documents showing, explaining, demonstrating, and/or substantiating the following:

Debtors’ 2013 Federal tax return

- (a) -\$131,017 loss claimed on Line 17 and listed on Schedule E and the supporting Statements;
- (b) -985 Carryforward loss and -436 “prior years unallowed losses” and other notations listed on Form 8582;
- (c) Cancellation of Debt and NOL listed on Statement 2 for Form 1040, Line 21
- (d) NOL Carryovers from 2011 and Later Years of \$23,839 in both sections labeled Statement 3 regarding Form 1040, Line 21
- (e) Statement on 2013 tax return under “General Elections” regarding election to relinquish entire carryback period as to NOL incurred for 2013

Debtors’ 2013 California tax return

- (f) Representations on Form 3805V regarding Net Operating Loss Computation

Debtors’ 2014 Federal Tax return (Form 1040)

- (g) \$37,211 net long term gain per Line 12 of Schedule D
- (h) Form 3800 regarding General Business Credit
- (i) Form 8582 regarding activities with loss and prior years unallowed losses
- (j) Statements in Sections labeled Statement 3 regarding Form 1040, Line 21 regarding loss and NOL carryovers and Statement 4 “NOL” of -132,405

Debtors’ 2014 California tax return

- (k) Form 3805 regarding NOL computation

Debtors' 2015 Amended Federal Tax return (Form 1040X)

- (l) Statement that amendment is to add income from Toyota Financial Services 1099 which is being excluded under "the insolvency exclusion" and Form 982
- (m) Capital gain of \$18,600 in Line 13
- (n) Form 3800 General Business Credit
- (o) Two sections labeled Statement 3 regarding NOLs

Debtors' 2015 California tax return

- (p) Form 3805 regarding NOL computation

Debtors' 2016 Federal Tax Return

- (q) Line 13 capital gain of \$14,491
- (r) Line 16a of \$5,438 in pensions and annuities and Statement 2
- (s) Line 17 and Schedule E regarding -\$2,433 amount
- (t) Form 8949 regarding -\$4,109 loss regarding Pearlstein Associates LLC

Debtors' 2017 Federal Tax Return

- (u) Line 16a for \$19,802 and 16b for \$7,716 and Statement 3 regarding those same amounts
- (v) Statement 1 "Explanation of Efforts"

Debtors' 2018 Federal Tax Return

- (w) Line 4a of \$7823 and Statement 2 regarding pension and annuities

- 3. Any and all documents regarding gifts made to Irwin Pearlstein and/or Chris Ramsower-Pearlstein from January 1, 2015 through December 31, 2018 and the tax treatment thereof.
- 4. Any and all documents regarding gifts made by Irwin Pearlstein and/or Chris Ramsower-Pearlstein to any person from January 1, 2015 through December 31, 2018 and the tax treatment thereof.
- 5. Any and all communications, including letters, email, and text messages, to or from Irwin Pearlstein and/or Chris Ramsower-Pearlstein regarding tax opinions and/or advice of any kind to Debtors for tax years 2012 through 2018 if not already produced in response to a prior request.
- 6. Any and all communications, including letters, email, and text messages, to or from any person or persons regarding assets, liabilities, loans, payments, debts, tax treatment, financial planning or business planning of any kind of Irwin Pearlstein and/or Chris Ramsower-Pearlstein from January 1, 2015 to December 31, 2018.

7. Any and all documents regarding employment and/or work of any kind of Chris Ramsower-Pearlstein for any of the following, including any publicly available or personally retained non-confidential copies of employment applications, employment agreements, consulting contracts, loan agreements, timesheets, records of hours worked and/or earnings paid, reviews by any manager or supervisor, and all correspondence (including emails or text messages) related to hours worked, amounts paid, employment terms, and job performance:

- (a) All Care In-Home Care Solutions;
- (b) Altru Home Care LLC;
- (c) Homecare Delivery Services LLC;
- (d) New Horizons as a dba of any of the above;
- (e) JAKD LLC; and
- (f) JAKD II, LLC.



CERTIFICATE OF SERVICE

I hereby certify that on June 28, 2023, the foregoing **CREDITOR ROBERT SANDERS' RULE 2004 MOTION FOR EXAMINATION AND PRODUCTION OF DOCUMENTS** – **KARYN GALATI** was served on the following:

☒ **Via First Class Mail to:**

PRA Receivables Management, LLC
PO Box 41021
Norfolk, VA 23541

Barry Pearlstein
1638 Goshen Ave.
Clovis, CA 93611

☐ Via Facsimile to: N/A

☒ **Via ECF Notification to: ECF Recipients**

☒ **Via E-mail to:**

Laura Caldera Loera laura.loera@bullivant.com, rachel.barbour@bullivant.com

William Woolman bill@sw2law.com

DATED: June 28, 2023

/s/ Natalie C. Scott
Natalie C. Scott, OSB# 024510

